

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF RATES OF HENDERSON-UNION)
RURAL ELECTRIC COOPERATIVE CORPORATION)
TO PROVIDE ADEQUATE REVENUES FOR ITS)
OPERATIONS AND CHANGE IN ENERGY) CASE NO. 8184
REQUIREMENT FOR TWO CATEGORIES OF)
SERVICES AND IN MANNER OF BILLING)
FOR SECURITY LAMPS AND STREET LIGHTS)

O R D E R

IT IS ORDERED that Henderson-Union Rural Electric Cooperative, Corporation shall file an original and five copies of the following information with this Commission, with a copy to the Attorney General's Division of Consumer Intervention, by June 4, 1981. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), page 2 of 5. Careful attention should be given to copied material to insure that it is legible.

1. The detailed work papers showing calculations supporting the following adjustments:

- I. Salaries and wages
- II. Fringe benefits
- III. Depreciation

Include a detailed narrative explanation of each adjustment and the reason why each adjustment is required. Explain all components used in each calculation and index each calculation to the adjustment which it supports.

2. A schedule of salaries and wages for the test year and each of the five calendar years preceding the test year as shown in Format 1, attached.

3. A detailed analysis of advertising expenditures during the test period. This analysis should include a breakdown of Account 913 - Advertising Expenses, as shown in Format 2, attached and should also show any advertising expenditures included in other expense accounts. The analysis should be specific as to the purpose and expected benefit of each expenditure.

4. An analysis of Account 930 - Miscellaneous General Expenses, for the test period. This should include a complete breakdown of this account as shown in attached Format 3, and also provide all detailed working papers supporting this analysis. At minimum, the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Exclude items less than \$50 from detailed analysis.

5. A detailed analysis of contributions for charitable and political purposes (in cash or services). This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

6. A copy of the auditor's report from your most recent audit.

7. A statement of electric plant in service, per company books for the test year, as shown in Format 4, attached.

8. Provide the utility's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Electrification Administration, for the test year and the five preceding

calendar years. Include the data used to calculate each ratio.

9. Provide details of the utility's policies regarding assignment, accumulation, and disbursement of patronage capital.

10. Provide work papers showing how the 3.1% depreciation rate for distribution plant was determined.

Done at Frankfort, Kentucky, this 7th day of May, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voz
For the Commission

ATTEST:

Secretary

1. Wages charged to expense:
2. Power production expense
3. Transmission expenses
4. Distribution expenses
5. Customer accounts expense
5. Sales expenses
- Administrative and general expenses:
 - (a) Administrative and general salaries
 - (b) Office supplies and expense
 - (c) Administrative expense transferred-cr.
 - (d) Outside services employed
 - (e) Property insurance
 - (f) Injuries and damages

Henderson-Union Rural Electric Cooperative Corporation

Case No. 8184

Format 1
Schedule 2 of 2

Line
No.

Item
(a)

7. Administrative and general expenses (continued):

- (g) Employee pensions and benefits
- (h) Franchise requirements
- (i) Regulatory commission expenses
- (j) Duplicate charges-cr.
- (k) Miscellaneous general expense
- (l) Rents
- (m) Maintenance of general plant

12 Months Ended											
Calendar Years Prior to Test Year											
5th		4th		3rd		2nd		1st		Test Year	
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)

- 8. Total administrative and general expenses L7(a) through L7(m)
 - 9. Total salaries and wages charged expense (L2 through L6 + L8)
 - 10. Wages capitalized
 - 11. Total salaries and wages
 - 12. Ratio of salaries and wages charged expense to total wages (L9 + L11)
 - 13. Ratio of salaries and wages capitalized to total wages (L10 + L11)
- Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

Henderson-Union Rural Electric Cooperative Corporation

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ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended December 31, 1980

(000's)

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales or</u> <u>Promotional</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Conservation</u> <u>Advertising</u> <u>(d)</u>	<u>Rate</u> <u>Case</u> <u>(e)</u>	<u>Total</u> <u>(f)</u>
1.	Newspaper					
2.	Magazines and Other					
3.	Television					
4.	Radio					
5.	Direct Mail					
6.	Sales Aids					
7.	Total					

Henderson-Union Rural Electric Cooperative Corporation

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ACCOUNT 930 MISCELLANEOUS GENERAL EXPENSES

For the 12 Months Ended December 31, 1980

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Water, and Other Testing and Research	
6.	Directors' Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	

count number	<u>Title of Accounts</u> (a)	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
	<u>Other Production Plant</u>					
140	Land and land rights					
141	Structures and improvements					
142	Fuel holders, producers and accessories					
143	Prime movers					
144	Generators					
145	Accessory electric equipment					
146	Miscellaneous power plant equipment					
106	Completed construction - not classified					
	Total other production plant					
	Total production plant					
	<u>Transmission Plant</u>					
350	Land and land rights					
352	Structures and improvements					
353	Station equipment					
354	Towers and fixtures					
355	Poles and fixtures					
356	Overhead conductors and devices					
357	Underground conduit					
358	Underground conductors and devices					
359	Roads and trails					
106	Completed construction - not classified					
	Total transmission plant					
	<u>Distribution Plant</u>					
360	Land and land rights					
361	Structures and improvements					
362	Station equipment					
364	Poles, towers and fixtures					
365	Overhead conductors and devices					
366	Underground conduit					
367	Underground conductors and devices					
368	Line transformers					
369	Services					
	Meters					
372	Installations on customers' premises					
373	Leased property on customers' premises					
106	Street lighting and signal systems					
	Completed construction - not classified					
	Total distribution plant					

Account
Number

	<u>Title of Accounts</u> (a)	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
	<u>General Plant</u>					
389	Land and land rights					
390	Structures and improvements					
391	Office furniture and equipment					
392	Transportation equipment					
393	Stores equipment					
394	Tools, shop and garage equipment					
395	Laboratory equipment					
396	Power operated equipment					
397	Communication equipment					
398	Miscellaneous equipment					
399	Other tangible property					
106	Completed construction - not classified					
	Total general plant					
100.1	Total electric plant in service					